United Nations E/2018/SR.12

# Economic and Social Council

Distr.: General
2 April 2018

Original: English

**2018 session**
27 July 2017–26 July 2018
Operational activities for development segment

**Summary record of the 12th meeting**
Held at Headquarters, New York, on Wednesday, 28 February 2018, at 3 p.m.

*President*: Mr. Pecsteen de Buytswerve (Vice-President) ..... (Belgium)

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*In the absence of Ms. Chatardova (Czechia), Mr. Pecsteen de Buytswerve (Belgium), Vice-President, took the Chair.*

*The meeting was called to order at 3.10 p.m.*

**Agenda item 7: Operational activities of the United Nations for international development cooperation** (*continued*)

**(a) Follow-up to policy recommendations of the General Assembly and the Council** (*continued*) (A/72/124–E/2018/3, A/72/684–E/2018/7 and A/72/63–E/2018/8)

1. **The Deputy Secretary-General**, delivering the keynote address, said that the United Nations development system's funding base was not fit to deliver on the 2030 Agenda for Sustainable Development. Despite increases in overall volumes over the previous 15 years, improving people's lives around the world, earmarked contributions had grown six times faster than core contributions, which currently made up only 22 per cent of total contributions and had declined by 40 per cent since 2002. In other words, close to 80 cents of every development dollar were subject to strict earmarking, which had become ever more specific, with 91 per cent of all non-core funding going to single-entity projects. As a result, the development system had become more dependent on the fluctuations of project-related resources, less flexible to respond to changing national needs and much more prone to needless bureaucratic battling for funds. That approach had high transaction costs for the system, which often lost the ability to maintain a long-term strategic focus on a country's key development challenges and priorities. As the substantive focus and destination of funds were determined by those providing the resources, collective accountability to governing bodies was diluted, ultimately affecting the countries and people served by the Organization the most.

2. As the Secretary-General had said, a fragmented funding base delivered fragmented results. Member States had recognized that fact in the 2016 resolution on the quadrennial comprehensive policy review, calling for improvements in the level, predictability and flexibility of the system's funding base. In response, the Secretary-General had proposed a funding compact between the United Nations system and Member States in order to bring about those improvements, with the system, in turn, guaranteeing increased transparency and accountability for spending and system-wide results.

3. A pragmatic approach had been taken to designing the compact and its principles were well captured in existing resolutions. However, concrete commitments, specific targets and action at the country level would now be required. The compact for action was a commitment to a series of measures that would dramatically improve the transparency and accountability of the resources entrusted for system-wide activities.

4. The requests being made under the compact included specific targets covering three dimensions. First, a healthier percentage of core budget to individual entities should be ensured across the system. Core funding allowed entities to be more effective, flexible and strategic partners to countries, and more collaborative members of the new generation of United Nations country teams.

5. Second, a new impetus should be given to pooled funding in order to improve the quality of earmarked funds. Immediate action on pooled funding was proposed through two specific inter-agency funds, the Joint Policy Fund to Advance the 2030 Agenda through Integrated Policy, capitalized at $290 million, and an increase in resources for the Peacebuilding Fund, in addition to a commitment to double the current share of pooled funding from 8 per cent to 16 per cent. Pooled funds delivered proven results by incentivizing United Nations collaboration, ensuring better alignment to national priorities and reducing transaction costs.

6. Third, the core capacities of the resident coordinator system should be funded through assessed contributions, to ensure predictability and ownership across the membership. That would be a logical step as the Organization repositioned sustainable development at the heart of its work.

7. The development coordination function was known to be vastly underfunded. In many countries, resident coordinators lacked the basic staffing capacities to credibly lead the Organization's sustainable development activities in support of countries. That structural gap must be addressed. The total cost for a more robust coordination function, estimated at $255 million — a mere 1 per cent of the annual contribution to operational activities for development — would return huge dividends in terms of value for money and results for people.

8. The ambition of the 2030 Agenda could not be matched by a system designed to respond to the needs of the past. The fundamental elements and targets of the funding compact must be defined in order to lay the groundwork for a regular funding dialogue, through which progress could be reviewed and the compact

adjusted over time. More than any other proposal, the funding compact embodied the collective responsibility to reposition the United Nations development system, challenging Member States and the system to review their approaches to funding. A strong commitment from all involved would make it possible to implement the 2030 Agenda on schedule.

*Panel discussion: "Revitalizing the United Nations development system's funding architecture in support of the implementation of the 2030 Agenda for Sustainable Development: towards a compact"*

9. **The President** asked whether the Secretary-General's proposal to increase assessed contributions would improve the predictability of the development system.

10. **Mr. Asmal** (Director of the New Partnership for Africa's Development (NEPAD) and Partnerships in the Department of International Relations and Cooperation of South Africa), panellist, said that any postponement of the funding dialogue proposed by the Secretary-General would only lead to further complications. The realization of the Sustainable Development Goals would bring about tangible improvements but the cost of failing to achieve them would be dire. It must also be acknowledged however that, owing to historical and present injustices, not all countries could contribute equally to sustainable development efforts. External support was therefore a vital part of the means of implementation.

11. For African countries, the synergies between the 2030 Agenda and Agenda 2063 of the African Union should be taken into consideration. Moreover, nefarious business practices affecting developing countries, including illegal financial flows, must be denounced, as they diverted vital resources from government efforts to improve the lot of their citizens.

12. The proposed funding dialogue should draw attention to the trend of substituting investments with foreign aid; both sources of funding were equally necessary and must be pursued. The dialogue should also take place as soon as possible and include States and non-State actors alike. While the assessed contributions of States were important, non-State actors should share in the responsibility to make the world a better place.

13. **The President** enquired about the implications of the Secretary-General's proposal to double inter-agency pooled funds and increase entity-specific thematic funds.

14. **Mr. Rahman** (Principal Secretary to the Prime Minister of Bangladesh), panellist, said that the Secretary-General's proposal to double the contribution to inter-agency pooled funds and to scale up entity-specific thematic funds would enable agencies to expand their programmatic support to countries on a multi-year basis, thereby enhancing inter-agency collaboration.

15. **The Secretary-General** had made a strong business case for his repositioning initiative. The rise in earmarked funding and the concomitant decline in core funding were having a negative impact on the ground. The stable, predictable, sustainable and flexible funding required to make the United Nations development system dynamic and fit for purpose must remain at the heart of the repositioning process.

16. The continued decline of core contributions adversely affected the efficiency and effectiveness of the system's functions, as core funding provided more flexibility to respond to country needs. Donors must therefore be given incentives to shift from highly earmarked funding to more flexible funding, especially core funding. Moreover, strong provisions for flexible and predictable non-core resources should be put in place, as those resources could strengthen coherence and coordination, incentivize inter-agency collaboration and widen the donor base.

17. While contributions from non-traditional donors could be leveraged, pooled and thematic funds could also be drawn upon in support of larger projects and programmes on any 2030 Agenda-related theme, as United Nations agencies had done in addressing the refugee problem in his country.

18. The proposed resident coordinator system could contribute to enhancing knowledge of funding mechanisms among stakeholders. The system must be managed in an efficient and transparent manner, ensuring full accountability to States and other contributors.

19. Funding the United Nations development system must be aligned with the national development priorities and strategies of programme countries in order to reflect national ownership. United Nations development system expenditures should also adopt a balanced approach to the three dimensions of sustainable development.

20. Lastly, the proposed pooled funding could enable agencies to overcome their capacity constraints and focus on major projects on a predictable, multi-year basis. Politics as usual must be transcended in the interest of seizing the important opportunity presented

by the ongoing reform process, particularly at a time when developing countries were in greater need than ever of the United Nations development system.

21. **The President** enquired about the response to the Secretary-General's proposals to fund the resident coordinator system and to create a discretionary integration fund of $270,000 per resident coordinator office.

22. **Mr. Gomez** (Deputy Director General of the United Nations Policy Department in the Ministry of Foreign Affairs of Sweden), panellist, said that the resident coordinator system should be funded through assessed contributions as it was a core element of United Nations operations. Flexible, high-quality funding would enable the resident coordinator offices, which presently operated on relatively modest amounts, to be more responsive to country needs and development plans.

23. His Government agreed with the Deputy Secretary-General's account of the flaws in the current financing system. In order to create incentives for countries to provide good-quality and predictable funding for the 2030 Agenda, the United Nations development system and its individual agencies must rebuild trust with Member States by enhancing the system's capacity to support companies to deliver results on the ground. The system would need results-based, transparent and accountable management and harmonized cost-recovery models for its funds and programmes; the latter would encourage non-earmarked funding. The Organization must take measures that would demonstrate its willingness to be more cost-effective and ensure improved visibility of the resources provided.

24. **Mr. Paust** (Germany) said that it would not be easy to persuade the relevant stakeholders in his Government of the merits of core funding, given that they associated such aspects as close control or better visibility with earmarked funding. The right arguments must therefore be found and articulated. As part of that effort, United Nations system entities should provide examples of the negative practical repercussions of being bound by too much earmarking, thereby illustrating the type of problems posed by non-core funding. The Deputy Secretary-General and the heads of United Nations agencies should also undertake outreach to donor countries to convince Governments of the utility of the Secretary-General's proposed approach.

25. **Mr. Gad** (Observer for Egypt), speaking on behalf of the Group of 77 and China, said that the question of financing the United Nations development system was a cornerstone of the reform efforts. He agreed that a failure to fund the system well, and therefore to implement the 2030 Agenda, would be a costly missed opportunity.

26. Stability, predictability and sustainability of funding were key to supporting the poverty eradication efforts at the heart of the United Nations development system's mandate. Funding should be aligned with national priorities, reflect national ownership and be directed towards underfunded priority areas in developing countries. Nevertheless, the reality of declining core contributions adversely affected the efficiency and effectiveness of the system. That trend must be reversed, and the quality of non-core contributions should be enhanced and aligned with the priorities of developing countries. In that connection, the proposal on pooled funding should be considered as an alternative to strict earmarking and as complementing core contributions, which were the bedrock of the United Nations development system.

27. Pooled funds must be considered with a keen eye on the mandate emanating from paragraph 24 of General Assembly resolution 71/243 on the quadrennial comprehensive policy review, especially in the relevant contexts across development, humanitarian assistance and peacebuilding efforts. When considering the way forward, strengthening funding mechanisms should not place any additional financial burden on developing countries. The modalities and time frame of the funding dialogue proposed by the Secretary-General must be defined clearly. More information would be welcome on the dialogue and on how pooled funds could complement core contributions.

28. **Mr. Chang** (United States of America) reiterated his delegation's position, expressed in other forums, that the surest way to attract resources was to provide evidence that programmes were driven by results and that the funds used met high accountability and transparency standards and matched the comparative advantages of organizations. Indeed, building trust by demonstrating results was foundational to increasing the Organization's fitness for purpose and tangibly embracing enhanced efficiency, especially within existing resources. It therefore remained crucial to mobilize all types of resources, including domestic resources, and to stress the importance of human rights and good governance in fostering truly sustainable development. He asked the Deputy Secretary-General and the panellists how the existing best practices of United Nations funds and programmes might be drawn upon to show results and to mobilize greater investment in the United Nations development system.

29. **Ms. Steiger** (Observer for Switzerland) said that a well-funded, independent and strong resident coordinator system was crucial to the successful implementation of United Nations Development Assistance Frameworks (UNDAFs). While it made sense to finance the system through assessed contributions, significant risks and challenges would persist even if management reforms were implemented, and the resident coordinator budget would remain under political pressure. Development was a long-term investment that would yield results over time, requiring longer-term engagement and sustainable structures.

30. It was necessary to ensure predictability of funding and formulate a risk-mitigation strategy that considered the need for burden sharing among Member States. A fixed fraction of the cost recovery could be applied to non-core contributions, collected by the implementing agencies and reallocated to the resident coordinator system. Programme countries could also provide a flat annual contribution when able to do so. Continuing and improving the cost-sharing agreements could result in greater buy-in to the resident coordinator system by other agencies and entities. Her delegation would be interested to hear from agency representatives what incentives their agencies were considering. She would also welcome more information on how donor countries that had shifted from earmarked to non-earmarked funding had been encouraged to do so.

31. **Mr. Bin Momen** (Observer for Bangladesh), speaking on behalf of the Group of Least Developed Countries, said that paragraphs 146 and 147 of the report of the Secretary-General on the repositioning of the United Nations development system (A/72/684–E/2018/7) underlined the need to enhance core funding but contained no specific recommendation on enhancing United Nations support for the least developed countries, as called for in paragraph 40 of General Assembly resolution 71/243. The decline in United Nations development system expenditures on least developed countries was particularly alarming and was proceeding apace, despite calls by the General Assembly and the Council to reverse the trend.

32. A study by the Committee for Development Policy had demonstrated that most United Nations development system entities lacked operational guidelines with clear budgetary allocations or targets, resulting in unpredictable resource flows to least developed countries. For their part, the Executive Boards of the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF) had already decided to allocate a minimum of 60 per cent of their support to least developed countries. He enquired how a quantifiable minimum target for resource allocation to least developed countries by the United Nations development system could be guaranteed.

33. **Mr. Zahir** (Observer for Maldives), speaking on behalf of the Alliance of Small Island States, said that funding was a key element of the discussion on the repositioning of the United Nations development system, given that insufficient funding would imperil the implementation of the 2030 Agenda. He asked the panellists to share their views on the Secretary-General's proposal to fund the resident coordinator system through assessed contributions, and on the format for the assessments. The Alliance strongly supported the use of pooled funds to finance development activities. He also asked the panellists to share their views on how the proposed pooling of funds across the development-humanitarian-peacebuilding continuum would be operationalized, managed and executed, bearing in mind the nexus articulated in General Assembly resolution 71/243. Lastly, he wondered how the United Nations development system would go about securing funding for itself.

34. **Mr. Alami** (Morocco) said that the United Nations development system needed colossal financial reinforcements to implement the 2030 Agenda and that reform of existing financing mechanisms would be a central element of the system's repositioning. Developing countries, particularly African countries, required predictable and flexible funding. He enquired how a balance might be struck between development and humanitarian funding.

35. **Ms. Kenner** (United Kingdom) said that her delegation welcomed the acknowledgement that not all non-core funding was created equal. She wondered what more could be done within the funding compact to avoid the traditional pitting of core funding against non-core funding, instead reflecting the varying quality of types of the latter. Moreover, given the need for Member State ownership of the entire compact, she requested clarification on how the perspective of other investors in the system could be adequately reflected.

36. **Ms. Lagrange** (France) said that her Government was prepared to examine the Secretary-General's proposal on financing the resident coordinator system. However, she would like to know how the integrity of the system would be guaranteed and how the amount of resources to be allocated to it would be handled in the Fifth Committee.

37. **Ms. Fladby** (Norway) said that the Secretary-General's proposal to establish a funding compact with Member States would provide an opportunity to change a funding pattern that all agreed was unfavourable to

development. However, it was important to recognize that building the United Nations that Member States wanted would place demands on the entire membership, requiring each country to reflect on how to improve upon present funding methods.

38. Norway consistently made robust core, thematic and inter-agency pooled contributions and was willing to do better, but other Member States in a position to do so would have to scale up their multilateral funding in order to meet the targets proposed by the Secretary-General. Moreover, new donors, including global funds and other non-State actors, should be recruited. Commitments must be made more concrete so that they could be monitored clearly. The visibility of commitments was particularly important for countries like Norway, whose core contributions to global inter-agency funds were significant but sometimes went unrecognized because they were not made at the country level. Consideration should also be given to discussing commitments that demonstrated improved common resources and cost efficiencies at the country level.

39. **Ms. Clifford** (Observer for Australia) said that her country was very supportive of the Secretary-General's reform processes and of the funding compact initiative in particular. She requested additional information on how the United Nations Development Group (UNDG) was thinking collectively about the potential for financing in line with the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, sharing proven financing mechanisms, providing staff with leadership and addressing key partners that ranged from the World Bank to private citizens and pension funds. She also enquired how each member of UNDG planned to mobilize resources in support of the funding compact and align in-country projects to UNDAFs or the in-country budget.

40. **Mr. Momeni** (Observer for the Islamic Republic of Iran) said that the numerous challenges faced by the United Nations development system indicated that its current financial model must be replaced with a sustainable model that allowed the system to perform its core function of enabling Member States to implement their development priorities. He wondered how the United Nations development system could ensure support for Member States affected by the existing funding gap, and what new strategy could be adopted to reduce dependency on earmarked funding and establish a sustainable financing mechanism.

41. **Ms. Chen** Hongying (China) said that China believed that adequate and predictable funding was vital to implementing the 2030 Agenda. To that end, developed countries should honour their official development assistance commitments in earnest. China supported deeper collaboration with the World Bank and the International Monetary Fund to achieve a win-win result. The funding compact should be based on extensive consensus and formulated in a manner that fully respected the will of Member States.

42. **Ms. Fitzmaurice Gray** (Ireland) said that Ireland firmly believed in the importance of core funding delivered as early in the funding cycle as possible. She wondered how the panellists might envisage attracting and encouraging the participation of non-traditional donors. She would also welcome more information on how the existing humanitarian, country-based pooled funds would dovetail with the new proposed country-level funds.

43. **Mr. Gomez** (Deputy Director General of the United Nations Policy Department in the Ministry of Foreign Affairs of Sweden) said that the experience of Sweden with multi-partner trust funds had been positive, notably in Somalia, whose 2017 drought had been addressed efficiently. Other instances of good practices abounded, as did examples of the adverse repercussions of earmarked resources.

44. A more sophisticated approach to non-core funding was needed. Least developed countries were most dependent on core funding, particularly in the aftermath of a crisis. Apart from other measures to enhance non-earmarked support, multi-year agreements should be discussed. Investments made through the United Nations development system were only half the story, as host country Governments invested a great deal in development plans whose efficiency relied on core funding.

45. Sweden fully endorsed the proposal to fund the resident coordinator system through assessed contributions but acknowledged that other financing would be necessary, given the system's wide variety of functions. His department lacked the leverage needed to place political pressure on the Ministry of Finance. More advocacy in favour of core funding was need from civil society groups or parliamentary voices.

46. **Mr. Rahman** (Principal Secretary to the Prime Minister of Bangladesh) said that positive experiences during country visits and evidence of economic results, supplied through an efficient information management system and regular reports from Member States, could serve as incentives for donors and development partners. In Bangladesh, a local consultative group co-chaired by the United States arranged periodic forums to demonstrate results on the ground and highlight challenges and opportunities.

47. The shift from competition to collaboration between United Nations agencies and their use of comparative advantages to produce results on the ground, to the benefit of the country in question, constituted a best practice. In that connection, the Central Emergency Response Fund of the United Nations Office for the Coordination of Humanitarian Affairs illustrated the optimal use of pooled resources to meet humanitarian needs.

48. **Mr. Asmal** (Director of the New Partnership for Africa's Development (NEPAD) and Partnerships in the Department of International Relations and Cooperation of South Africa) said that the consensus on the need for ownership and increased public diplomacy and visibility in many areas was heartening. With the old system not yet dead and the new one not yet born, there was an opportunity to shape practices and policies in a manner that would improve the lives of ordinary people, especially in Africa. The profound changes in the geopolitical system obliged non-traditional donors to respond to the needs of an ever wider human family, not as an act of charity but as one of necessity.

49. **The Deputy Secretary-General** said that good system-wide practices existed and results were reported on; however, harmonizing data sets and reporting on collective results would make those results more visible to donors. Independent evaluation of specific agencies could also be considered. It would be necessary to alter the current message being relayed to Governments regarding the value of investments in development and to extend outreach to government officials with a say in budget-related decisions. In that regard, she would welcome assistance from government representatives in formulating messages that would be received well. Lastly, broadening the base for accountability would help with advocacy for more resources.

50. **Mr. Hendra** (Co-Chair of the quadrennial comprehensive policy review coordinating team), responding to a question posed at an earlier meeting regarding the possibility that resident coordinator offices might be overloaded by being designated as one-stop-shop for partnerships (see E/2018/SR.10, para. 70), said that consultations with Member States and civil society had revealed an expectation that the resident coordinator system should play a stronger role in leveraging partnerships. Moreover, General Assembly resolution 71/243 had set out a clear role for the United Nations development system in leveraging partnerships, which were a decisive element in the implementation of the 2030 Agenda. The one-stop-shop approach was not an attempt to centralize partnership but instead aimed to provide a point of first contact for external partners wishing to engage with the United Nations on a broader level. The resident coordinator system could help liaise between potential partners and key government and United Nations country team officials. It would then be up to the agencies, funds and programmes to implement the actual partnerships.

51. **Mr. Hanif** (Co-Chair of the quadrennial comprehensive policy review coordinating team), responding to questions posed at an earlier meeting regarding basic due diligence criteria (see E/2018/SR.10, paras. 67 and 74), said that partnerships must adhere to United Nations values and make meaningful contributions to the achievement of the Sustainable Development Goals. The Secretary-General had requested UNDG, the Department of Economic and Social Affairs and the United Nations Global Compact to launch a system-wide consultation to establish criteria according to which partnerships would be held responsible. However, entities should be given room to contribute their own ideas about partnerships. The 10 principles of the Global Compact constituted the bare minimum by which partnerships must abide; though not agreed at the intergovernmental level, the principles had been drawn from intergovernmental agreements. The criteria to be established would have to comply with those agreements as well.

**Agenda item 7: Operational activities of the United Nations for international development cooperation** (*continued*)

**(a) Follow-up to the policy recommendations of the General Assembly and the Council** (*continued*) (A/72/124–E/2018/3, A/72/684–E/2018/7 and A/73/63–E/2018/8)

**(b) Reports of the Executive Boards of the United Nations Development Programme/United Nations Population Fund/United Nations Office for Project Services, the United Nations Children's Fund, the United Nations Entity for Gender Equality and the Empowerment of Women, and the World Food Programme** (*continued*) (E/2017/34/Rev.1, E/2018/36 and E/2018/65)

*General discussion*

52. **The President** invited the Council to begin its general discussion of agenda item 7 as a whole.

53. **Mr. Edrees** (Observer for Egypt), speaking on behalf of the Group of 77 and China, said that eradicating poverty in all its forms and dimensions remained the highest priority and the overarching objective of the United Nations development system. The repositioning of the system should fully respect

national sovereignty, ownership and leadership while taking different levels of development into account.

54. Regarding the recommendations contained in the Secretary-General's reports (A/72/124–E/2018/3 and A/72/684–E/2018/7), the Group believed that the configuration of United Nations country teams should be determined in full consultation and agreement with national Governments. Country teams should continue to have a strong presence in the most vulnerable countries and to support the achievement of the Sustainable Development Goals, particularly in areas where the United Nations development system lacked capacity and resources. The mechanism whereby non-resident United Nations entities supported and engaged with programme countries needed to be developed and shared with Member States. Their Government should also be actively involved in the preparation, implementation, monitoring and evaluation of UNDAFs.

55. With regard to the resident coordinator system, the Group believed that a reinvigorated system must maintain its development focus. Resident coordinators should implement UNDAFs, under national leadership and ownership, with a developmental and non-politicized approach. The hiring process should be strengthened to ensure that resident coordinators were sustainable development professionals and that balanced geographical representation and gender parity were maintained. Paragraph 24 of General Assembly resolution 71/243 provided the guiding framework regarding the competencies of resident coordinators for improved coordination between development cooperation, humanitarian assistance and peacebuilding efforts. There could be no "one-size-fits-all" approach to that issue. Furthermore, the funding of the reinvigorated resident coordinator system should not place any financial burden on developing countries.

56. The proposed revamping of the regional approach of the United Nations development system needed to be presented in greater detail. The regional approach should also avoid using a "one-size-fits-all" model and ensure that proposals reflected the specificities of each region. The Department of Economic and Social Affairs needed to play a bigger role in the implementation of the 2030 Agenda by providing policy guidance at the regional level.

57. Although the Group supported efforts to improve the transparency, accountability and oversight of the United Nations development system, the proposed creation of a joint executive board of the New York-based funds and programmes should be discussed in the context of, rather than alongside, the review of General Assembly resolution 68/1. The initiation of parallel processes would be inefficient in that regard.

58. Noting with concern the continuing decline of core contributions to the United Nations development system, the Group called for greater flexibility of non-core contributions and funding practices and alignment with the priorities of developing countries. Pooled funds offered an alternative to strict earmarking and would complement core contributions. At the same time, more robust funding mechanisms should not place a financial burden on developing countries. The Group looked forward to engaging in the funding dialogue that had been proposed by the Secretary-General.

59. Given the need to ensure that partnerships were aligned with the national priorities of programme countries, the Group stressed that Governments had a crucial role to play in forging partnerships at the country level. In that context, the proposal to turn resident coordinator offices into country-level hubs for system-wide partnership-building went beyond the mandate of the quadrennial comprehensive policy review. Ultimately, any new standards implemented within the United Nations development system should be the outcome of intergovernmental processes and be adopted by Member States.

60. As the United Nations system-wide strategic document (A/72/684–E/2018/7, annex) overlapped with the report of the Secretary-General (A/72/684–E/2018/7), the Group preferred to engage in the repositioning process on the basis of the latter. Furthermore, the proposal to consider the strategic document as a "living document" created a parallel track to the quadrennial comprehensive policy review and went beyond the mandate provided for in General Assembly resolution 71/243.

61. Lastly, in accordance with paragraph 24 of the above resolution, the linkages between development, humanitarian assistance and peacebuilding efforts should be limited to enhancing coordination among those three areas at the national level within the specific context of countries facing humanitarian emergencies and countries in conflict and post-conflict situations.

62. **Mr. Escalante Hasbún** (El Salvador), speaking on behalf of the Community of Latin American and Caribbean States (CELAC), said that the current process to reposition the United Nations development system should improve coordination and integration at the global, regional and national levels. CELAC recognized the steps taken by the Secretary-General to ensure a coherent repositioning process in that regard. A flexible approach to repositioning the United Nations development system must address the needs of each

country and region, eschewing a "one-size-fits-all" approach, and take the specific characteristics of each regional economic commission into account. CELAC would ensure that the mandate of the Economic Commission for Latin America and the Caribbean (ECLAC) was protected and that its crucial role in the implementation of the 2030 Agenda was recognized in the new structure that would emerge from the repositioning process.

63. CELAC welcomed the discussion on the proposals to align the physical presence of the United Nations development system with national needs and priorities, taking into account the multidimensional demands of the 2030 Agenda and other internationally agreed goals, as reflected in UNDAFs or equivalent planning frameworks. In that regard, CELAC supported the intention to adopt flexible and cost-effective models for the field presence of the United Nations development system, based on the needs and priorities of each country.

64. CELAC supported the strengthening of the resident coordinator system. Resident coordinators had a central role to play, working with United Nations country teams under the leadership of Governments, in coordinating the Organization's operational activities for development at the country level. The repositioning of the United Nations development system should enable resident coordinators and their offices to better respond to the priorities and needs of each developing country.

65. The United Nations development system must continue allocating resources for the achievement of the Sustainable Development Goals in developing countries. At the same time, CELAC supported efforts to reach those left furthest behind first while ensuring that the universal, indivisible and inclusive nature of the 2030 Agenda was taken into account and that a coherent approach was adopted to address the crossing-cutting elements of the Goals and targets.

66. CELAC welcomed the idea of a funding compact to address the decline of core contributions and the growing imbalance between core and non-core resources. The proposals to strengthen inter-agency pooled funds and agency-specific thematic funds were positive options that deserved to be further explored. However, partnerships were also crucial for the implementation of the 2030 Agenda. More partnership initiatives, as a complement to, not a substitute for North-South cooperation, would enable the reform of the development system to address the diverse needs of developing countries.

67. **Ms. Angelova** (Observer for Bulgaria), speaking on behalf of the European Union, said that the reform of the United Nations development system was urgently needed to make it efficient, effective, integrated and accountable, and capable of supporting the implementation of the 2030 Agenda. It was also time to reform the Department of Economic and Social Affairs to make it results-oriented, collaborative and focused on areas of comparative advantage, enabling it to focus on its areas of expertise while avoiding duplication. All individual entities within the United Nations development system were expected to align their strategic planning processes and activities with the outcome of the reform discussions once approved by Member States.

68. Impartial, independent and empowered resident coordinators leading integrated and results-driven country teams should be at the core of a more efficient and effective development system. Resident coordinators should have authority over resources that incentivized collaboration and the ability to draw on the expertise and assets of the entire system. Resident coordinators who were also humanitarian coordinators should be experts in both development cooperation and humanitarian assistance. United Nations country teams should be restructured to achieve greater impact on the ground and to improve coordination with entities that were not part of the United Nations development system. The Secretary-General's objective to increase the proportion of common premises to 50 per cent of all United Nations offices and logistical spaces by 2021 was welcome. UNDAFs should become the most important national planning instruments in support of the 2030 Agenda.

69. Funding of the United Nations development system needed to be modernized to allow for greater flexibility and to ensure that it had predictable funding. Incentives were needed to broaden and diversify the contributor base, improve funding volume and predictability and strike a balance between core and non-core resources. A funding compact should have the commitment of both the United Nations development system and Member States, and make clear what investors in the system would receive in return. The funding compact should promote inter-agency funding mechanisms and well-designed thematic and pooled funding that incentivized collaboration among entities within the United Nations development system. The funding compact should also encompass private, public, national and international means of implementation and partnerships. Non-concessional financing and closer cooperation with international financial institutions

should be considered as being a part of the overall funding package.

70. A stronger link was needed between the United Nations development system and vertical funds such as the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Global Alliance for Vaccines and Immunization. Greater use should be made of well-designed pooled funds, thematic funds, the Joint Fund for the 2030 Agenda and discretionary integration funds as proposed by the Secretary-General in his report (A/72/684–E/2018/7). Duplication of existing funding instruments should be avoided and greater transparency with respect to financing was desirable. It would also be helpful if the efficiency gains of the proposed approach could be quantified and if more information could be provided regarding the areas in which the United Nations would be less active owing to a lack of comparative advantages.

71. Results-based management, system-wide results, accountability and transparency were essential to building a relationship based on trust with Member States and to the discussion of the proposed funding compact. The proposal to establish an independent system-wide evaluation unit that complemented existing structures was welcome. System-wide compliance with the standard established by the International Aid Transparency Initiative and greater external scrutiny of the impact and effectiveness of the United Nations development system programming were also needed.

72. The proposal regarding the working methods of executive boards needed to be improved. The European Union was willing to consider granting the joint meeting of the Executive Boards legislative authority to increase its impact and value, and was open to discussing the Secretary-General's proposal on the merger of the New York-based funds and programmes as a long-term possibility.

73. Regarding the Secretary-General's proposals for an innovative approach to partnerships, the proposed common standards and criteria should protect United Nations values and objectives without hindering greater and more constructive engagement with external partners.

74. The European Union appreciated the attempt to produce a system-wide strategic document that would evolve alongside the implementation of the 2030 Agenda and the reform processes. The document should specify the comparative and collaborative advantages of the various agencies, funds and programmes. United Nations development system entities should commit to carrying out the recommendations set out for each of the four guiding principles in the document.

75. Future versions of the system-wide document should clearly demonstrate areas in which the United Nations had a comparative advantage and those in which it did not and in which it would do less in the future. The document should also explain how system overlaps would be addressed and how flagship initiatives would percolate through the rest of the development system. More information was also needed regarding how the United Nations development system would engage with the private sector while keeping planned system-wide evaluations informed. Clarification was also needed of the responsibility of resident coordinators for integrated planning to achieve the Sustainable Development Goals at the country level, and the way entities within the United Nations development system would ensure coherence between the system-wide strategic document and their own strategic plans.

76. **Mr. Ten-Pow** (Guyana), speaking on behalf of the Caribbean Community (CARICOM), said that the Secretary-General's recommendations on repositioning the United Nations development system needed to address issues of specific concern to middle-income small island developing States. Currently, many members of the Community were served through multi-country offices under a single UNDAF, despite having different national development priorities. Those multi-country offices suffered from budget constraints while facing higher operating costs and were often unable to adequately respond to requests for assistance, leaving many Community members underserved.

77. Special attention should therefore be paid to the challenges associated with the system of multi-country offices. Member States should be fully involved in designing that new system, and in restructuring the systems for resident coordinators and United Nations country teams, in order to better meet the specific needs of CARICOM member States. The adjustments to be considered for a multi-country office should include adequate time for consultation with multiple Governments and for the preparation of UNDAFs. Furthermore, each country should have its own UNDAF so that all CARICOM countries could meet the requirements of an integrated programme for the achievement of the 2030 Agenda. Resident coordinator offices should have the capacity to manage the full range of programmes that would be implemented in each country.

78. Predictable core resources were required to facilitate the response of funds, agencies and programmes to the needs of middle-income countries. It was unclear how pooled funds would be distributed across multi-country offices, which often had different and changing priorities across the spectrum of

humanitarian and development needs. When a single budget or a pooled fund was set aside for both humanitarian emergencies and development programmes, it was likely that development funds would be diverted to other priorities. Separate budget allocations were needed to meet humanitarian needs in the event of a natural disaster, for example.

79. ECLAC was an important branch of the governance architecture of the United Nations development system and had taken many important policy initiatives. The Commission should be more fully integrated into the system, however, to help identify the development priorities of Member States and to provide them with expert advice that met their specific needs.

80. South-South cooperation was integral to the subregion's achievement of the Goals and targets set out in the 2030 Agenda. While CARICOM appreciated the integration of South-South cooperation into the operational activities of the United Nations development system, it should not be a replacement for North-South cooperation.

81. Comprehensive plans for monitoring and evaluating the repositioning of the resident coordinator system and United Nations country teams were needed to keep the subregion on track to achieve the Sustainable Development Goals. Members of CARICOM needed help improving their data collection and analysis capacities and taking advantage of the policy support and guidance offered by the United Nations development system. UNDP had provided valuable support to members of the Community through its Marrakech Action Plan for Statistics programme. Welcoming the role played by UNDP in the repositioned resident coordinator system and the United Nations country team, he looked forward to similar articulation of the roles of other funds, agencies, programmes and entities under the new coordination arrangements.

82. **Mr. Hawke** (Observer for New Zealand), speaking also on behalf of Canada and Australia, said that Member States and all UNDG members should agree that funding for the enhanced resident coordinator system should be depoliticized, predictable and free from micromanagement. A clear transition plan that minimized the impact on UNDP was also needed. Financial incentives, such as pooled funding, would encourage country teams to deliver as one.

83. Through the governing boards of United Nations agencies, Member States should show a renewed commitment to the enhanced resident coordinator system; resident coordinators should be given formal management authority governed by clear reporting lines; UNDAFs should be reviewed to ensure that they had impact and relevance; resident coordinator offices should be granted more resources and greater policy and analysis capacity; and resident coordinators should be granted career incentives and have access to development opportunities.

84. The United Nations development system needed to be streamlined at the regional level to complement the delivery of development assistance. The added value of the regional economic commissions would therefore need to be carefully considered. UNDG and the regional consultative mechanism needed to be part of a single regional coordination process. In addition, management reform and the Department of Economic and Social Affairs review needed to be included in the proposals for the restructuring of the regional development system.

85. At the regional level, the possibility of unifying support services should be considered, as it would result in efficiency gains. At the global level, greater strategic oversight of the United Nations development system was needed. In particular, governance of the Council needed to be improved and the operational activities segment needed to be simplified to improve the quality of the sessions.

86. Noting that one goal of the quadrennial comprehensive policy review was the improvement of the United Nations system's baseline data, he welcomed measures by United Nations agencies, funds and programmes to improve the quality of management data and to improve system-wide coherence. The system-wide strategic document should be a living document and could help to increase transparency and engagement with the Member States.

87. All Member States needed to contribute to the search for new sources of funding and efforts to broaden the donor base, while non-traditional donors should be encouraged to increase their contributions. More incentives were needed to encourage investment from Members States as well as the private sector, philanthropic organizations and civil society. Although Canada, Australia and New Zealand already provided multi-year core contributions, used pooled funding mechanisms and invested significantly in cross-cutting funds, discussions on the proposed funding compact would help them to align and strengthen those investments.

88. **Mr. Arriola Ramírez** (Observer for Paraguay), speaking on behalf of the Group of Landlocked Developing Countries, said that members of the Group were particularly vulnerable and isolated from world markets and deserved special attention during the repositioning of the United Nations development

system. The implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024 was integral to the full implementation of the 2030 Agenda. United Nations country teams and resident coordinators should be aware of the goals and priorities set out in those documents and incorporate them into national development plans in transit countries as well as landlocked developing countries.

89. Strong partnerships were needed at the global, regional, intergovernmental and inter-agency levels with the private sector and civil society. The United Nations system's approach should give priority to vulnerable countries and be bolstered by strong partnerships with international and financial organizations, in particular the World Bank.

90. A revitalized United Nations development system needed adequate funding to do its job. In particular, support to landlocked developing countries and the implementation of the Vienna Programme of Action needed to be scaled up. In that connection, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States needed to be strengthened. The special challenges and needs of landlocked developing countries also needed to be addressed, as had been recognized in the Addis Ababa Action Agenda.

91. While non-core funding was an important part of the overall resource base of United Nations operational activities, the decrease in the overall core budget of the United Nations development system, which should be adequate and predictable, was deeply concerning. Improvement of the United Nations development system needed to be guided by the principles of transparency, accountability, efficiency and effectiveness, in accordance with the quadrennial comprehensive policy review.

92. **Ms. Chigiyal** (Observer for the Federated States of Micronesia), speaking on behalf of the Group of Pacific Small Island Developing States, said that two resident coordinators and a joint United Nations country team oversaw the United Nations operations in the Pacific from two regional hubs in Fiji and Samoa. Travel from the regional offices to the countries they served was complicated and expensive, resulting in infrequent site visits.

93. The reform of the United Nations development system should result in greater integration of its activities. To that end, resident coordinators should be empowered to oversee all activities in the field. A strong central planning document, such as UNDAF, was useful only if it was developed in close consultation with Member States and reflected their national development priorities. Thus, in the multi-country context of the Pacific region, the United Nations Pacific Strategy 2018–2022, a regional planning document, needed to be balanced against plans that structured activities at the national level. A new generation of country teams comprising international civil servants with backgrounds tailored to local priorities would provide indispensable support to national sustainable development aspirations.

94. The mandate of the quadrennial comprehensive policy review was to tailor the role and operational activities of multi-country offices to the specific challenges facing them in close consultation with Pacific small island developing States. To ensure that multi-country offices had adequate funding to pay for higher operating costs, a discretionary fund could be established and scaled up to reflect the number of countries within the purview of a given office. That number should be limited, however, as called for in General Assembly resolution 71/243, and new offices should be established if the distances were too great or the number of countries too high. In that connection, a new multi-country office was needed in the North Pacific.

95. **Mr. Castro Córdoba** (Observer for Costa Rica), speaking on behalf of the Like-minded Group of Supporters of Middle-Income Countries, said that inequality remained pervasive in middle-income countries, which were home to 73 per cent of the world's people living in poverty. The repositioning of the United Nations development system was thus an opportunity to reinvigorate the support being provided to middle-income countries in accordance with the principle of leaving no one behind.

96. Although the United Nations development system promoted innovation and capacity-building and supported public policy design and technology transfer in middle-income countries, there was a need for greater coordination of operational activities and improvements to the overall strategy. A comprehensive strategy for the United Nations development system needed to ensure that global and regional programmes could be adapted to the changing needs of middle-income countries. The reformed physical presence of the United Nations development system should be aligned with national development priorities and focus on areas in which it could make the biggest difference in bringing about sustainable social, economic and environmental development. In that connection, future reports of the Secretary-General should highlight the role that the Chief Economist at the Department of Economic and Social Affairs would play in improving communication

with international financial institutions regarding eligibility for concessional financing and graduation policies for middle-income countries.

97. The United Nations development system should take the lead in directing international support to middle-income countries and fostering new partnerships with international financial organizations, regional organizations and regional development banks. It should also continue efforts to mainstream South-South cooperation and triangular cooperation involving middle-income countries, which would have a multiplier effort on the achievement of the Sustainable Development Goals. The repositioning process would also allow the United Nations development system to address the exclusion factors that limited access to international cooperation by middle-income countries.

98. The Council should cooperate closely with the General Assembly ahead of the high-level event on middle-income countries, to be held later in the year, to showcase the role of the United Nations development system.

99. **Ms. Krisnamurthi** (Observer for Indonesia), speaking also on behalf of Mexico, the Republic of Korea, Turkey and Australia, said that eradicating poverty in all its forms and dimensions was the main goal of implementing the 2030 Agenda, and the repositioning of the United Nations development system would ensure that the United Nations development system was fit for that purpose. The reform process should be based on the key principles of reinforcing national ownership of the 2030 Agenda, developing country-contextual responses and ensuring the effective delivery of development results on the ground. As a result, the United Nations development system should become more strategic, accountable and collaborative.

100. A stronger focus on development outcomes would be welcome as part of the efforts to strengthen the resident coordinator system. In implementing its tasks and functions, the system should ensure that national leadership, ownership and priorities were maintained through close consultation with Governments. Resident coordinators could also improve coordination with humanitarian assistance and peacebuilding efforts at the national level in countries facing humanitarian emergencies or in countries facing conflict and post-conflict situations. Resident coordinator recruitment should seek gender balance and geographical diversity.

101. The new generation of United Nations country teams must respond to, and work with, Governments to implement the whole 2030 Agenda to achieve all the Sustainable Development Goals. UNDAFs should be the basis for strategic engagement with Governments to implement their priorities. In turn, Governments should actively participate in the preparation, implementation and evaluation of their UNDAFs. While the country team's composition should reflect the needs of the host country and should be able to fulfil its mandate, special attention should be paid to the composition of country teams in countries or groups of countries in special situations, such as least developed countries.

102. Expanded partnerships with the private sector, including under the United Nations Global Compact, more collaboration with the World Bank, international financial institutions and South-South cooperation and triangular cooperation would assist in the implementation of the 2030 Agenda, as would greater flexibility of earmarked contributions and a broader contributor base.

103. While greater coordination among United Nations bodies was also needed at the regional level to avoid duplication, a flexible approach was needed that benefited from the best practices of existing regional institutions, built on the strengths of each region and met the needs of the countries in the region.

104. Lastly, with regard to strategic direction, oversight and accountability, the deliberative role of the Council should be reinforced. The operational activities segment had provided greater clarity which would help Members States to reach consensus.

105. **Mr. Matjila** (South Africa) said that strengthening the role of the United Nations development system and its capacity to help developing countries to achieve their development goals was crucial to the implementation of the 2030 Agenda. He was encouraged by the Secretary-General's efforts to address gaps and overlaps within the system and to ensure that its activities at the country level were more efficient, transparent and inclusive.

106. Operational activities for development needed adequate, predictable and stable funding. The growing imbalance between core and non-core resources hindered programming at the country level. The rapid increase in the use of earmarked funds contributed to the fragmentation of United Nations entities at the country level. Furthermore, while the United Nations development system was increasingly expected to do more, it was not being provided with the necessary funding to fulfil its mandate. Proposed partnerships at the country level should therefore provide for government engagement and match local needs. At the global level, partnerships should be flexible and focus on the achievement of Sustainable Development Goals, giving them all equal weight. The United Nations development system should pursue its core mandate to support demand-driven development efforts in which

Governments played a leadership role for the achievement of the Goals.

107. **Mr. Castro Córdoba** (Observer for Costa Rica) said that the reform of the United Nations development system must take into account the social, economic and environmental dimensions of sustainable development — the central aim underlying the system's gradual transformation — when ascertaining the specific needs and challenges of developing countries. The reform process should also address the particular obstacles and structural gaps still faced by middle-income countries, as the graduation criteria applied by agencies and programmes and the attendant budgetary challenges constrained those countries' institutional capacities, forcing them to reframe their relationship to the system.

108. The United Nations development system should also acknowledge that middle-income countries were both beneficiaries of, and participants in, South-South and triangular cooperation; hence, investments in those countries would have a ripple effect on regional development strategies. United Nations funds and programmes should coordinate measures to achieve the Sustainable Development Goals strategically, avoiding duplication and building on good practices. The role of regional commissions in promoting public policy and good practices related to development should be recognized. Lastly, the financing of operational activities and resident coordinators in developing countries should be considered carefully, so as to respond in a coherent manner to country capacities.

109. **Mr. Laaksonen** (Observer for Finland) said that his Government fully supported the reform of the United Nations development system, the purpose of which was to keep the promise of the 2030 Agenda to leave no one behind. In that regard, the United Nations development system should focus on the needs of the least developed countries and fragile States, and specialized agencies should remain involved in the reform process.

110. The new generation of United Nations country teams should be more integrated, efficient and results-driven, and the comparative advantage of the various agencies, funds and programmes should determine their presence in the field. There was clear scope for increased synergies and greater integration of functions and resources at the country level.

111. His delegation welcomed the Secretary-General's vision to strengthen the resident coordinator system. Resident coordinators should be impartial and independent and should have authority over country teams and access to more predictable funding. However, one concern was that the current proposal might result in the politicization of the resident coordinator function.

112. Reform of the funding structure was urgently needed, which included an increase in the share of core resources and a broader and more diverse donor base. Greater investment in the United Nations development system should be linked to the system's greater effectiveness, efficiency and accountability. The proposed funding compact was missing a reference to domestic resource mobilization and the role of the private sector and should include more detailed information on cost savings and efficiency gains.

113. The 2030 Agenda would not be achieved if women and girls were excluded. Greater investments in gender equality and women's empowerment were needed at the country level. To that end, the expertise and system-wide coordinating role of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) should be fully utilized throughout the reform process.

114. **Ms. Mudallali** (Lebanon) said that operational activities for development must be universal, voluntary, neutral and aligned with national priorities and noted with concern the growing imbalance between core and non-core funding for such activities.

115. Development activities in Lebanon had been carried out alongside peacebuilding, peacekeeping and humanitarian activities for several decades, with support from various entities within the United Nations development system, especially the Economic and Social Commission for Western Asia.

116. Since 2011, her Government had been trying to maintain stability in the face of the mass influx of more than 1.2 million persons displaced by the ongoing crisis in Syria. While the United Nations had responded by placing a greater emphasis on humanitarian activities in her country, more coordination had been needed between the development and humanitarian activities of United Nations entities and operations at the country level, while also taking into account national plans, in order to meet the needs of both displaced persons and their host communities. The United Nations Strategic Framework for Lebanon (2017–2020) had recognized the need for such an approach, but the United Nations development system as a whole needed to become more integrated to overcome the challenges that it faced.

117. **Mr. Aguirre Vacchieri** (Chile) said that including the repositioning of the United Nations development system on the agenda of the Council had demonstrated that it was equipped to contribute to the discussion. The effectiveness of United Nations operational activities for development could only be guaranteed if actions at the global, regional and local levels were incorporated into a single comprehensive vision. The Sustainable

Development Goals would not be achieved unless a multidimensional approach was taken to address poverty, taking the special needs of middle-income countries into account.

118. The regional dimensions of United Nations activities needed to take each region's specificities into account and boost the organic structure of the regional commissions. The reform process should preserve and strengthen ECLAC, which functioned as a centre for research and analysis, cooperation, technical assistance and intergovernmental dialogue.

119. The 2030 Agenda could not be implemented without the participation of civil society, foundations, academia and the private sector. Public-private partnerships, South-South cooperation, triangular cooperation and innovative financing mechanisms played a central role in the achievement of Sustainable Development Goals.

*The meeting rose at 6 p.m.*